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## Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

February 7, 2024

Company name: IWATANI CORPORATION  
 Stock exchange listing: Tokyo  
 Code number: 8088  
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 Scheduled date of filing quarterly securities report: February 9, 2024  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2023	617,513	(5.8)	31,906	35.7	36,770	25.2	24,169	23.7
December 31, 2022	655,788	36.8	23,517	(9.0)	29,365	(4.4)	19,539	(0.3)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥ 33,116 million[ 34.1%]  
 Nine months ended December 31, 2022: ¥ 24,695 million[ 15.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	420.12	-
December 31, 2022	339.68	-

(Note) In the fiscal year ended March 31, 2023, we finalized provisional accounting treatment for a business combination. The finalization has been reflected in the figures for the nine months ended December 31, 2022.

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
December 31, 2023	800,405	339,358	41.1
March 31, 2023	656,003	312,230	46.0

(Reference) Equity: As of December 31, 2023: ¥ 328,870 million  
 As of March 31, 2023: ¥ 301,976 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	-	-	95.00	95.00
Fiscal year ending March 31, 2024	-	-	-		
Fiscal year ending March 31, 2024 (Forecast)				95.00	95.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend	-	yen
Special dividend	-	yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	907,000	0.1	45,000	12.4	50,300	7.0	33,500	4.6	582.36

(Note) Revision to the financial results forecast announced most recently: No

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:	)
Exclusion:	-	(Company name:	)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023:	58,561,649 shares
March 31, 2023:	58,561,649 shares

2) Number of treasury shares at the end of the period:

December 31, 2023:	1,031,885 shares
March 31, 2023:	1,037,177 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023:	57,528,340 shares
Nine months ended December 31, 2022:	57,522,252 shares

\*1. This document is unaudited by certified public accountants or audit firms.

\*2. Earnings forecasts in this release are based on currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

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## **Qualitative Information of the Quarterly Consolidated Results**

### **(1) Operating Results**

During the cumulative third quarter of the current fiscal year, the Japanese economy showed a gradual recovery as corporate profits and capital investment improved due to the normalization of socioeconomic activities, although downside risks to the economy have remained and are expected to remain due in part to global monetary tightening and the stagnation of the Chinese economy.

Under these circumstances, Iwatani expanded its business to achieve its basic policies of “Solutions to social issues” and “Sustained growth” in accordance with its five-year medium-term management plan, “PLAN27,” which has started in the current fiscal year.

In order to realize a hydrogen energy society, we have established a limited liability company with a group company of Cosmo Energy Holdings Co., Ltd. to collaborate on the engineering business of hydrogen-related projects. In addition, Iwatani Cosmo hydrogen station LLC was selected as a company to develop hydrogen stations at two locations owned by the Tokyo Metropolitan Government, including the first-ever within a bus office in Japan, and proceeded with efforts to construct hydrogen stations to meet the demand for FC commercial vehicles. Furthermore, we have installed pure hydrogen fuel cells at the Iwatani R&D Center and the Iwatani Advanced Hydrogen Technology Center, and have conducted demonstration research on an energy management system that uses the cold heat of liquefied hydrogen to establish an energy supply model for factories and offices.

In the Integrated Energy Business, Kagoshima City conducted a demonstration of the use of a disaster prevention support system that linked our IoT platform “Iwatani Gateway” with the monitoring system of Otta, Inc. during the Sakurajima Volcanic Eruption Comprehensive Disaster Prevention Drill. We will continue to provide services that solve social issues by utilizing our own LPG network and IoT.

In the Industrial Gases & Machinery Business, we will expand our business in Southeast Asia, as demand for refrigerants is expected to increase due to the wider use of air conditioners and automobiles. To that end, we have acquired a refrigerant business company in Malaysia, switching to refrigerants that have a smaller impact on global warming and conducting the country’s first used fluorocarbon recovery and recycling business.

In the Materials Business, we have expanded our mineral sand mining area in Australia in order to strengthen the stable procurement of resources and achieve sustainable growth, while promoting afforestation business by planting trees on our land and completing the registration of carbon credit programs with government agencies.

As a result, for the third quarter of the current fiscal year, net sales were 617.513 billion yen (-38.274 billion yen year-on-year), operating profit was 31.906 billion yen (+8.389 billion yen year-on-year), ordinary profit was 36.770 billion yen (+7.404 billion yen year-on-year), and profit attributable to owners of parent was 24.169 billion yen (+4.629 billion yen year-on-year).

### **(2) Segment Information**

Effective from the first quarter of FY2023, the business segmentation changed in accordance with changes in the organization of the Company, and comparisons and analyses for the third quarter of FY2023 are based on the new segmentation.

### **Integrated Energy**

In the Integrated Energy Business, LPG import prices rose after a downward trend, but they were still below those in the previous corresponding period, and sales prices declined. In addition, LPG sales decreased, mainly those targeting large customers, resulting in a decrease in revenue. On the other hand, profits increased due to an improvement in the profitability of the LPG retail sector and an increase in sales of cassette gas and gas safety equipment. In addition, the negative impact of LPG price fluctuation lessened (+519 million yen year-on-year).

As a result, net sales in this segment were 242.055 billion yen (-33.102 billion yen year-on-year), and operating profit was 7.316 billion yen (+1.658 billion yen year-on-year).

### **Industrial Gases & Machinery**

In the Industrial Gases & Machinery Business, sales volumes of air-separation gas and hydrogen gas decreased mainly for the semiconductor and electronic components industries, but profitability improved due to efforts to cope with increased production costs. As for specialty gases, we strove to maintain a steady supply of helium, in addition to the strong sales of carbon dioxide for the beverage industry. Sales of machinery and equipment increased, especially those of power semiconductor equipment and gas supply facilities.

As a result, net sales in this segment were 193.781 billion yen (+22.997 billion yen year-on-year) and operating profit was 16.957 billion yen (+5.979 billion yen year-on-year).

### **Materials**

In the Materials Business, sales volumes of rechargeable battery materials for next-generation automobiles decreased due in part to inventory adjustments at sales destinations, resulting in decreased sales. Meanwhile, the mineral sands business overseas expanded in addition to strong sales of biomass fuels and PET resin for beverage bottles as well as functional films for smartphones. Sales of stainless steel and processed metal products mainly for air conditioners and automobile parts also remained strong.

As a result, net sales in this segment were 158.973 billion yen (+28.368 billion yen year-on-year), and operating profit was 9.213 billion yen (+0.043 billion yen year-on-year).

### **Others, Adjustments**

Net sales were 22.704 billion yen (+0.2 billion yen year-on-year), and operating profit was 2.310 billion yen (+0.890 billion yen year-on-year).

## **(3) Financial Position**

### **Total Assets**

Total assets at the end of the third quarter of the current fiscal year increased by 144.401 billion yen from the end of the previous fiscal year to 800.405 billion yen. This was mainly due to increases of 112.915 billion yen in investment securities, which resulted in part from the additional purchase of shares of Cosmo Energy Holdings Co., Ltd., and 16.393 billion yen in property, plant and equipment, respectively, which resulted in expansion of capital investment.

## Total Liabilities

Total liabilities at the end of the third quarter of the current fiscal year increased by 117.274 billion yen from the end of the previous fiscal year to 461.047 billion yen. This was mainly due in part to an increase of 119.989 billion yen in short-term borrowings, which resulted in part from the additional purchase of shares of Cosmo Energy Holdings Co., Ltd.

Interest-bearing debt, including lease liabilities, etc., at the end of the third quarter increased by 122.443 billion yen to 261.897 billion yen from the end of the previous fiscal year.

## Total Net Assets

Total net assets at the end of the third quarter of the current fiscal year increased by 27.127 billion yen from the end of the previous fiscal year to 339.358 billion yen. This was mainly due to increases of 18.699 billion yen in retained earnings, 4.330 billion yen in foreign currency translation adjustment, and 3.987 billion yen in valuation difference on available-for-sale securities, respectively.

### (4) Important Business Contracts, etc.

(Purchase of additional shares of Cosmo Energy Holdings Co., Ltd. and borrowing of funds)

At the Board of Directors meeting held on December 1, 2023, the Company resolved to purchase additional shares of Cosmo Energy Holdings Co., Ltd. (hereinafter referred to as “Cosmo”) from City Index Eleventh Co., Ltd., Minami Aoyama Fudosan Co., Ltd., and Ms. Aya Nomura (hereinafter referred to as the “Share Purchase”) and to borrow funds for the purpose of the Share Purchase, and concluded a share purchase agreement and an overdraft agreement on the same date.

1. Purchase of additional shares of Cosmo Energy Holdings Co., Ltd.

(1) Names of parties from whom shares are purchased

- City Index Eleventh Co., Ltd.
- Minami Aoyama Fudosan Co., Ltd.
- Ms. Aya Nomura

(2) Overview of Cosmo Energy Holdings Co., Ltd.

1. Name	Cosmo Energy Holdings Co., Ltd.
2. Address	1-1-1 Shibaura, Minato-ku, Tokyo
3. Business description	Management of subsidiaries involved in oil ranging from upstream to downstream and other businesses
4. Capital	46,435 million yen (as of September 30, 2023)
5. Net assets	663,380 million yen (fiscal year ended March 2023, consolidated)
6. Total assets	2,120,763 million yen (same as above)
7. Net sales	2,791,872 million yen (same as above)
8. Operating profit	163,780 million yen (same as above)
9. Ordinary profit	164,505 million yen (same as above)
10. Profit attributable to owners of parent	67,935 million yen (same as above)

(3) Number of shares purchased, purchase price, and number of shares held before and after purchase

1. Number of shares held jointly before purchase <sup>*1</sup>	59,375 shares (shareholding ratio <sup>*2</sup> : 0.07%)
2. Number of shares to be purchased	17,400,525 shares
3. Purchase cost	105.3 billion yen
4. Number of shares held jointly after purchase <sup>*1</sup>	17,459,900 shares (shareholding ratio <sup>*2</sup> : 19.93%)

(Notes) \*1. The Company owns 59,000 shares and Kanto Propan Gas Co., Ltd., a consolidated subsidiary of the company, owns 375 shares, and the number of shares held by the Company will increase after the purchase.

\*2. The ratio (rounded to two decimal places) of the number of shares held jointly before/after purchase to the number of shares (87,587,714 shares), which is obtained by deducting the number of treasury stock owned by Cosmo (766,047 shares) as of September 30, 2023, as stated in the “Summary of Consolidated Financial Results (Japanese GAAP) for the Second Quarter of Fiscal Year Ending March 31, 2024” published by Cosmo on November 8, 2023, from the total number of shares issued by Cosmo (88,353,761 shares) as of September 30, 2023, as stated in its Quarterly Report for the Second Quarter of FY2023.

2. Borrowing of funds

1. Reasons for borrowing funds	For the Share Purchase
2. Lender	MUFG Bank, Ltd.
3. Borrowing amount	105.3 billion yen
4. Contract date	December 1, 2023
5. Drawdown date	December 1, 2023
6. Repayment date	Within one year from the contract date
7. Borrowing interest rate	Tibor + 0.2%
8. Repayment method	Lump-sum repayment
9. Security	None

3. Future outlook

After the Share Purchase, a notification pursuant to Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, including subsequent amendments) will be submitted to the Fair Trade Commission. If the waiting period has passed since the date of receipt of the notification and the examination by the Fair Trade Commission results in a notice to the effect that a cease and desist order will not be issued, we plan to purchase an additional 250,000 shares from City Index Eleventh Co., Ltd. The impact of the Share Purchase on the Company’s consolidated financial results forecast for FY2023 is under scrutiny. Any matter that needs to be disclosed going forward will be promptly disclosed.

**(5) Consolidated Financial Results Forecasts**

Although economic trends, fluctuations in LPG import prices, and other factors may affect our business performance, we have not changed our consolidated earnings forecast announced on May 15, 2023 for the first nine months of the current fiscal year.

## Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	33,730	26,245
Notes and accounts receivable - trade, and contract assets	150,389	151,509
Electronically recorded monetary claims - operating	23,903	26,922
Merchandise and finished goods	55,751	57,721
Work in process	6,106	7,623
Raw materials and supplies	7,753	9,682
Other	25,732	28,241
Allowance for doubtful accounts	(177)	(191)
<b>Total current assets</b>	<b>303,189</b>	<b>307,755</b>
Non-current assets		
Property, plant and equipment		
Land	73,910	74,363
Other, net	133,532	149,472
<b>Total property, plant and equipment</b>	<b>207,442</b>	<b>223,835</b>
Intangible assets		
Goodwill	23,958	20,662
Other	12,909	14,970
<b>Total intangible assets</b>	<b>36,868</b>	<b>35,633</b>
Investments and other assets		
Investment securities	85,689	198,605
Other	23,325	35,115
Allowance for doubtful accounts	(512)	(538)
<b>Total investments and other assets</b>	<b>108,502</b>	<b>233,181</b>
<b>Total non-current assets</b>	<b>352,814</b>	<b>492,650</b>
<b>Total assets</b>	<b>656,003</b>	<b>800,405</b>



(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	73,071	74,244
Electronically recorded obligations - operating	40,801	36,770
Short-term borrowings	25,747	145,736
Income taxes payable	8,362	5,884
Contract liabilities	10,500	7,688
Provision for bonuses	6,434	3,340
Other	47,551	52,465
Total current liabilities	212,469	326,130
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	68,457	69,450
Provision for retirement benefits for directors (and other officers)	1,280	1,341
Retirement benefit liability	6,892	5,957
Other	24,673	28,168
Total non-current liabilities	131,303	134,916
Total liabilities	343,773	461,047
<b>Net assets</b>		
Shareholders' equity		
Share capital	35,096	35,096
Capital surplus	31,904	32,027
Retained earnings	203,801	222,500
Treasury shares	(1,530)	(1,536)
Total shareholders' equity	269,271	288,087
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,148	28,135
Deferred gains or losses on hedges	2,730	2,528
Foreign currency translation adjustment	5,764	10,094
Remeasurements of defined benefit plans	61	24
Total accumulated other comprehensive income	32,704	40,782
Non-controlling interests	10,254	10,487
Total net assets	312,230	339,358
Total liabilities and net assets	656,003	800,405

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	655,788	617,513
Cost of sales	505,101	454,236
Gross profit	150,687	163,277
Selling, general and administrative expenses		
Transportation costs	22,486	22,379
Provision of allowance for doubtful accounts	29	59
Salaries, allowances and bonuses	35,005	36,292
Provision for bonuses	3,026	3,468
Retirement benefit expenses	1,531	1,377
Provision for retirement benefits for directors (and other officers)	117	125
Other	64,972	67,666
Total selling, general and administrative expenses	127,169	131,371
Operating profit	23,517	31,906
Non-operating income		
Interest income	357	328
Dividend income	1,364	1,490
Foreign exchange gains	569	126
Share of profit of entities accounted for using equity method	876	625
Subsidy income	1,479	1,572
Other	2,575	2,664
Total non-operating income	7,223	6,807
Non-operating expenses		
Interest expenses	860	1,334
Other	515	609
Total non-operating expenses	1,375	1,944
Ordinary profit	29,365	36,770
Extraordinary income		
Gain on sale of non-current assets	121	1,152
Gain on receipt of donated non-current assets	–	49
Gain on sale of investment securities	172	558
Gain on bargain purchase	465	–
Subsidy income	106	51
Gain on revision of retirement benefit plan	–	128
Total extraordinary income	866	1,939
Extraordinary losses		
Loss on sale of non-current assets	29	351
Loss on retirement of non-current assets	568	261
Impairment losses	73	658
Loss on sale of investment securities	–	0
Loss on valuation of investment securities	0	1
Loss on tax purpose reduction entry of non-current assets	106	94
Total extraordinary losses	777	1,367
Profit before income taxes	29,453	37,342
Income taxes	9,048	12,532
Profit	20,405	24,810
Profit attributable to non-controlling interests	865	641
Profit attributable to owners of parent	19,539	24,169

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	20,405	24,810
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,415)	3,865
Deferred gains or losses on hedges	(1,253)	(206)
Foreign currency translation adjustment	7,042	4,313
Remeasurements of defined benefit plans, net of tax	(213)	(27)
Share of other comprehensive income of entities accounted for using equity method	130	360
Total other comprehensive income	4,289	8,306
Comprehensive income	24,695	33,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,559	32,247
Comprehensive income attributable to non-controlling interests	1,135	869

### (3) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

None

(Notes in the Event of Significant Changes in Shareholders' Equity)

None

(Segment Information)

I. Third Quarter of FY2022 (April 1, 2022 - December 31, 2022)

a) Information related to sales, operating income (loss) by reportable segment

(million yen)

	Reportable Segments				Others *1	Total	Adjustments *2	Quarterly Consolidated Statements of Income *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal				
Net sales								
Outside customers	275,157	170,784	187,342	633,284	22,504	655,788	-	655,788
Intersegment	3,262	3,740	1,599	8,602	18,806	27,409	(27,409)	-
Total	278,420	174,524	188,941	641,886	41,310	683,197	(27,409)	655,788
Segment income	5,657	10,977	9,170	25,806	1,420	27,226	(3,709)	23,517

(Note) \*1. "Others" is an operating segment not included in reportable segments. "Others" represents businesses in foods, livestock industry, finance, insurance, transportation, safety, information processing, etc.

\*2. Adjustments for segment income or loss include companywide expenses not allocated to each segment and the elimination of intersegment transactions.

\*3. Segment income is adjusted with operating income of the quarterly consolidated statements of income.

\*4. In FY2022, we finalized provisional accounting treatment for a business combination. The finalization has been reflected in the figures for the third quarter of FY2022.

b) Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Industrial Gases & Machinery Business segment, we acquired an interest in Aspen Air U.S., LLC and made it a consolidated subsidiary. The increase in goodwill as a result of this event was 3,354 million yen for the third quarter of FY2022. The amount of the goodwill was provisionally allocated since the allocation of acquisition costs had not been completed at the end of the third quarter of FY2022.

II. Third Quarter of FY2023 (April 1, 2023 - December 31, 2023)

a) Information related to sales, operating income (loss) by reportable segment

(million yen)

	Reportable Segments				Others *1	Total	Adjustments *2	Quarterly Consolidated Statements of Income *3
	Integrated Energy	Industrial Gases & Machinery	Materials	Subtotal				
Net sales								
Outside customers	242,055	193,781	158,973	594,809	22,704	617,513	-	617,513
Intersegment	3,285	4,029	1,338	8,654	18,981	27,635	(27,635)	-
Total	245,340	197,810	160,312	603,463	41,685	645,149	(27,635)	617,513
Segment income	7,316	16,957	9,213	33,487	2,310	35,797	(3,891)	31,906

(Note) \*1. "Others" is an operating segment not included in reportable segments. "Others" represents businesses in foods, livestock industry, finance, insurance, transportation, safety, information processing, etc.

\*2. Adjustments for segment income or loss include companywide expenses not allocated to each segment and the elimination of intersegment transactions.

\*3. Segment income is adjusted with operating income of the quarterly consolidated statements of income.

b) Matters related to changes in reportable segments, etc.

Effective from the first quarter of FY2023, the business segmentation changed in accordance with changes in the organization of the Company. As a result, the four business segments of the Integrated Energy Business, the Industrial Gases & Machinery Business, the Materials Business and the Agri-bio & Foods Business were reorganized into three business segments of the Integrated Energy Business, the Industrial Gases & Machinery Business and the Materials Business.

The segment information for the third quarter of FY2022 is presented based on the new segmentation.

c) Information on impairment loss on fixed assets and goodwill by reportable segment

(Significant impairment loss on fixed assets)

In the Integrated Energy Business segment, the book value of fixed assets at domestic bases, which we decided to close, was reduced to a recoverable value, and the amount of the reduction and the cost of dismantling and removal were recorded as impairment losses.

The amount of the impairment loss recorded was 633 million yen for the third quarter of FY2023.

(Business Combination)

Significant revision of the initial allocation of acquisition costs in comparative information

The business combination with Tokico System Solutions, Ltd., which was effected on April 1, 2022, and the business combination with Tokyo Gas Energy Co., Ltd. (currently, ENELIFE CORPORATION), which was effected on June 1, 2022, were provisionally accounted for in the third quarter of FY2022, and were then finalized in FY2022. With the finalization of the provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the third quarter of FY2023 reflects a significant revision in the initial allocation of acquisition costs.

As a result, the quarterly consolidated financial statements for the third quarter of FY2022 indicate that operating profit and ordinary profit each decreased by 263 million yen due to an increase of 263 million yen in selling, general and administrative expenses. In addition, profit before income taxes increased by 60 million yen due to a decrease in gain on sale of non-current assets of 141 million yen and the recording of gain on bargain purchase of 465 million yen, and profit and profit attributable to owners of parent each increased by 272 million yen due to a decrease in income taxes of 212 million yen.

Finalization of provisional accounting treatment for a business combination

The business combination with Aspen Air U.S., LLC, which was effected on December 23, 2022, was provisionally accounted for in FY2022 and was finalized in the third quarter of FY2023.

The revised amount of goodwill due to the finalization of the provisional accounting treatment is as follows.

Goodwill (before revision)	: 3,354 million yen
Revised amount of goodwill	
Property, plant and equipment (machinery, equipment, etc.)	: -2,130 million yen
Intangible assets (customer-related assets, etc.)	: -242 million yen
Inventories (merchandise, etc.)	: -46 million yen
Deferred tax liabilities	: 508 million yen
Total revised amount	: -1,911 million yen
Goodwill (after revision)	: 1,443 million yen

IWATANI CORPORATION OF AMERICA, a consolidated subsidiary of the Company that acquired Aspen Air U.S., LLC, complies with U.S. GAAP and has adopted Accounting Standards Updates (hereinafter referred to as “ASU”) 2015-16. ASU 2015-16 requires that an acquiring company recognize, in the reporting period in which the revised amount is determined, any provisional accounting revisions that are recognized during the measurement period. Accordingly, the revision of the amount allocated to acquisition costs is not reflected in the comparative information.

(Significant Subsequent Events)

(Issuance of Corporate Bonds)

Based on a resolution of the Board of Directors meeting held on November 9, 2023, the Company issued unsecured corporate bonds (sustainability bonds) on January 25, 2024 as shown below.

1. Iwatani Corporation 5th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause)  
(sustainability bond)

- (1) Total amount of issuance: 5.0 billion yen
- (2) Issue price: The bonds shall be issued at 100 yen per value of 100 yen for each corporate bond.
- (3) Interest rate: 0.836% per annum
- (4) Redemption date: January 24, 2031
- (5) Payment date: January 25, 2024
- (6) Redemption method: Lump-sum redemption at maturity
- (7) Use of proceeds: The proceeds will be used to invest and lend in the construction of a CO2-free hydrogen supply chain and the provision of infrastructures and services that support local communities. The funds will also be used to repay borrowings incurred to raise such funds.

2. Iwatani Corporation 6th Series Unsecured Corporate Bond (with Special Limited Inter-bond Pari Passu Clause)  
(sustainability bond)

- (1) Total amount of issuance: 5.0 billion yen
- (2) Issue price: The bonds shall be issued at 100 yen per value of 100 yen for each corporate bond.
- (3) Interest rate: 1.218% per annum
- (4) Redemption date: January 25, 2034
- (5) Payment date: January 25, 2024
- (6) Redemption method: Lump-sum redemption at maturity
- (7) Use of proceeds: The proceeds will be used to invest and lend in the construction of a CO2-free hydrogen supply chain and the provision of infrastructures and services that support local communities. The funds will also be used to repay borrowings incurred to raise such funds.

In the consolidated fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for a business combination. The figures for the third quarter of FY2022 reflect the finalization of the provisional accounting treatment.

## (1) Consolidated Statements of Income

(Unit: 100 million yen)

(Figures are rounded down to the nearest 100 million yen)

	3Q FY2022 Apr-Dec 2022	3Q FY2023 Apr-Dec 2023	Change	Rate	FY2023 (Forecast)	Overview
Net sales	6,557	6,175	(382)	(5.8%)	9,070	
Gross profit	1,506	1,632	125	8.4%	—	Sales decreased due to low LPG import prices, lower LPG sales to large customers, and sluggish sales of secondary battery materials.
Operating profit	235	319	83	35.7%	450	Despite a negative impact of LPG import price fluctuation (-1.8 billion yen for the current period), business performance remained steady, mainly in the Industrial Gases & Machinery business. As a result, achieved record-high in profits.
Ordinary profit	293	367	74	25.2%	503	
Profit attributable to owners of parent	195	241	46	23.7%	335	

\* Figures for fiscal year ending March 31, 2024 (forecast) were announced on May 15, 2023.

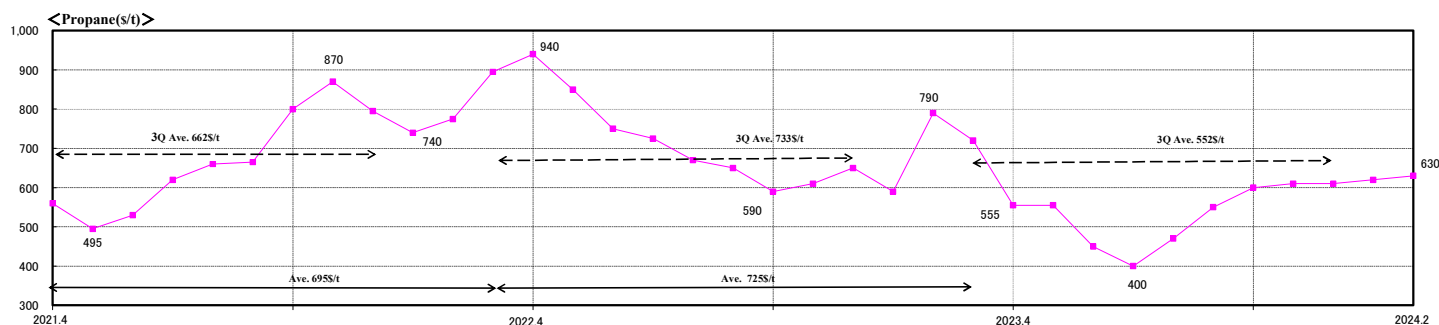
## (2) Operating Profit Except for Impact of LPG Import Price Fluctuation

(Unit: 100 million yen)

	3Q FY2022 Apr-Dec 2022	3Q FY2023 Apr-Dec 2023	Change	Rate	FY2023 (Forecast)	Overview
Operating profit	235	319	83	35.7%	450	
Impact of LPG import price fluctuation	(23)	(18)	5	—	—	Impact of LPG import price fluctuation in current period was -1.8 billion yen, which increased the profit by 5.0 billion yen year-on-year.
Operating profit except for impact of LPG import price fluctuation	259	337	78	30.4%	450	Operating profit except for impact of LPG import price fluctuation was 33.7 billion yen, which is an increase of 7.8 billion yen.

\* For more detailed information, please see a slide of "Impact of LPG Import Prices" in Iwatani Corporation Business Overview. ([https://www.iwatani.co.jp/eng/ir/pdf/about\\_iwatani.pdf](https://www.iwatani.co.jp/eng/ir/pdf/about_iwatani.pdf))

## (3) LPG Import Price (CP)



## (4) Segment Information

(Unit: 100 million yen)

		3Q FY2022 Apr-Dec 2022	3Q FY2023 Apr-Dec 2023	Change	Rate	Overview
Integrated Energy	Net sales	2,751	2,420	(331)	(12.0%)	<ul style="list-style-type: none"> <li>LPG import prices were lower year-on-year, resulting in lower sales prices.</li> <li>Sales decreased due to lower LPG sales, mainly to large customers.</li> <li>Profitability of LPG retail sector improved.</li> <li>Impact of LPG import price fluctuation on profit decline improved.</li> </ul>
	Operating profit	56	73	16	29.3%	
Industrial Gases & Machinery	Net sales	1,707	1,937	229	13.5%	<ul style="list-style-type: none"> <li>Sales of air-separation gas and hydrogen gas decreased while we coped with increased production cost.</li> <li>Steady supply of helium was maintained.</li> <li>In machinery and equipment, sales of power semiconductor equipment and gas supply facilities increased.</li> </ul>
	Operating profit	109	169	59	54.5%	
Materials	Net sales	1,873	1,589	(283)	(15.1%)	<ul style="list-style-type: none"> <li>Sales of rechargeable battery materials for next-generation automobiles decreased.</li> <li>Sales of biomass fuels, PET resin for beverage bottles, and functional films for smartphones increased.</li> <li>Overseas mineral sands business grew.</li> <li>Sales of stainless steel and processed metal products mainly for air conditioners and automobile parts remained strong.</li> </ul>
	Operating profit	91	92	0	0.5%	
Others, Adjustments	Net sales	225	227	2	0.9%	
	Operating profit	(22)	(15)	7	—	

\* Net sales represent sales to third parties.

\* Effective from the first quarter of FY2023, the business segment categorization method changed in accordance with changes in the corporate organization.

The segment information for the third quarter of FY2022 has been prepared based on the new categorization method, and comparisons of increases and decreases have been made.

**(5) LPG and Industrial Gases Net Sales · Sales Volume**

	Sales volume (thousand tons)				Net sales (100 million yen)			
	3Q FY2022 Apr-Dec 2022	3Q FY2023 Apr-Dec 2023	Change	Rate	3Q FY2022 Apr-Dec 2022	3Q FY2023 Apr-Dec 2023	Change	Rate
Domestic residential use	844	808	(35)	(4.2%)	1,364	1,165	(199)	(14.6%)
Domestic industrial use	296	230	(66)	(22.3%)	361	240	(121)	(33.6%)
LPG sub total (except for overseas)	1,140	1,038	(101)	(8.9%)	1,726	1,405	(320)	(18.6%)
LPG total	1,151	1,048	(102)	(8.9%)	1,741	1,417	(324)	(18.6%)
Various industrial gases	—	—	—	—	975	1,124	148	15.2%

**(6) Financial Position**

(Unit: 100 million yen)

	FY2022 end	3Q FY2023 end	Change
Total assets	6,560	8,004	1,444
Equity	3,019	3,288	268
Interest-bearing debt, gross	1,394	2,618	1,224
Interest-bearing debt, net	1,057	2,356	1,299
Equity ratio	46.0%	41.1%	(4.9pt)
Ratio of interest-bearing debt to total assets	21.2%	32.7%	11.5pt
Debt-to-equity ratio, gross	0.46	0.79	0.33pt
Debt-to-equity ratio, net	0.35	0.71	0.36pt

**(7) Capital Expenditure**

(Unit: 100 million yen)

	3Q FY2023 Apr-Dec 2023	FY2023 (Forecast)
Integrated Energy	106	131
Industrial Gases & Machinery	135	313
Materials	32	55
Others, Adjustments	1,260	221
Capital expenditure	1,534	720
Depreciation	207	278

\* Presented here are figures for property, plant and equipment, intangible assets (including goodwill), and investments securities, etc. (which include ¥30.0 billion yen invested in property, plant and equipment in the current period.)

**(8) Non-consolidated****Non-consolidated Statements of Income**

(Unit: 100 million yen)

	3Q FY2022 Apr-Dec 2022	3Q FY2023 Apr-Dec 2023	Change	Rate
Net sales	4,218	3,720	(497)	(11.8%)
Operating profit	70	110	40	57.2%
Ordinary profit	174	212	38	21.9%
Profit	132	163	31	23.9%

**Financial Position**

(Unit: 100 million yen)

	FY2022 end	3Q FY2023 end	Change
Total assets	4,403	5,759	1,355
Equity capital	2,082	2,224	142
Equity capital ratio	47.3%	38.6%	(8.7pt)